

**Testimony of Doris W. Koo
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**On "Improvements to Public Housing"
Subcommittee on Housing and Community Opportunity
House Financial Services Committee
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Thank you Chairwoman Waters, Ranking Member Biggert and distinguished members of the House Financial Services Committee. My name is Doris Koo and I am the president and chief executive officer of Enterprise Community Partners. Enterprise appreciates the opportunity to share with you our policy recommendations for the reauthorization of the HOPE VI program, as informed by on-the-ground development and investment experience.

Enterprise is a leading provider of the development capital and expertise needed to create decent, affordable homes and rebuild communities. For a quarter of a century, Enterprise has pioneered neighborhood solutions through private-public partnerships with community organizations, financial institutions, local governments and others who share our vision. Enterprise has raised and invested \$8 billion in equity, grants and loans to support the creation of 215,000 affordable homes, and is currently investing in communities at a rate of \$1 billion a year.

We commend Representative Waters for holding this hearing and for her work to craft a comprehensive reauthorization bill with the needs of community residents as its primary focus. Reauthorization of this program represents an opportunity to renew the federal government's commitment to supporting comprehensive approaches to revitalizing our nation's most distressed communities, beginning with outdated and dilapidated public housing.

Over the years, Enterprise has been fortunate to partner with city governments, community-based organizations and the private sector on many comprehensive public housing redevelopment efforts facilitated by the HOPE VI program. Having directed the Seattle Housing Authority's successful HOPE VI redevelopment efforts from 1994 to 2000, I can unequivocally say that this program has made a tangible difference in communities formerly plagued by concentrations of poverty and lack of access to transportation, services and quality schools. Where monolithic high-rises once stood, healthy, vibrant mixed-income communities of opportunity now exist. It is worthwhile, however, to examine even the most successful public policy or program occasionally when market conditions, community needs and development experience indicate there may be useful modifications.

Taking a Comprehensive Approach to Community Revitalization

HOPE VI has represented a dramatically different approach to public housing in this country, a welcome departure from our country's sad history of warehousing the poor and

isolating them from the very tools necessary to move up and out of poverty and into the mainstream of American life.

The tools for large-scale redevelopment that HOPE VI provides are more critical now than ever. Housing challenges are worsening for low-income families in this country, whose incomes simply cannot keep pace with rising housing costs. The Joint Center for Housing Studies estimates that almost 15 million American households earning median income or less are severely burdened by housing costs – that is, paying more than 50 percent of their income for housing. And over the course of a year, more than 3.7 million people in the wealthiest nation in the world experience some form of homelessness or live in some form of substandard housing. Many of these individuals work full- or part-time at minimum wage jobs. In city after city, low-income families have limited housing choices and are often confronted with challenging conditions like poor performing public school systems. It is a downward spiral fueling intergenerational poverty, largely segregated by race and class.

Nowhere was this more evident than in New Orleans in the wake of Hurricanes Katrina and Rita. In the aftermath of these devastating storms, Enterprise is currently partnering with the state of Louisiana, the City of New Orleans and our community-based partners to help with what is essentially the most intensive rehabilitation effort our nation has ever encountered. Taking a comprehensive approach to rebuilding the Gulf is not only advisable, but quite necessary.

Enterprise and our partner, Providence Community Housing, are working with former residents of the Lafitte public housing complex in New Orleans to rebuild a new and stronger community. While not a HOPE VI redevelopment, this large-scale effort and many like it across the Gulf Coast bear similarities to HOPE VI projects, and HOPE VI has provided many essential best practices and lessons learned to inform this work.

Enterprise and Providence will redevelop up to 1,500 affordable homes on the site of the dilapidated Lafitte public housing development and adjacent communities. We have pledged to five principles that we believe should be the cornerstone of any large-scale redevelopment of mixed-income housing such as that facilitated by the HOPE VI program:

- Transformation of public housing into mixed-income, healthy communities that are equitable, affordable and sustainable;
- One for one replacement of occupied units, both on and off site, to eliminate concentrations of poverty and facilitate the development of mixed-income communities;
- Opportunity for all former residents to return to better quality homes and a healthier neighborhood;
- Resident participation in the planning and development processes; and
- Provision of intensive wrap-around services for families, including health care, mental health services, youth development, childcare, literacy programs, formal job training and employment placement.

To this end, I would like to outline five major recommendations for enhancing the HOPE VI program.

More Fully Address Needs of Community Residents

Residents must be supported through the planning and relocation process. According to the Urban Institute,

*"There is substantial evidence that the original residents of HOPE VI projects have not always benefited from redevelopment, even in some sites that were otherwise successful. This can be partly attributed to a lack of meaningful resident participation in planning and insufficient attention to relocation strategies and services. As a consequence, some of the original residents of these developments may live in equally or even more precarious circumstances today."*ⁱ

Community and supportive services for public housing residents are critical – before, during and after any relocation. The purpose of affordable housing is more than building roofs and walls. Resident services are critical to provide the link between shelter and life, housing and community, physical assets and human potential.ⁱⁱ

As HOPE VI redevelopments begin, residents must be fully apprised of their range of housing options. Congress must provide for effective temporary and permanent relocation of families. We encourage the Committee to more explicitly state that former residents will be provided an opportunity to return, if they so choose, to affordable housing in or around the public housing site, to the greatest extent possible. Certainly experience has shown that some families will permanently relocate elsewhere, but those who wish to return should be provided the opportunity to do so. All residents should be supported with relocation and other supportive services that will allow them to maximize their options and move toward self-sufficiency.

Enterprise calls for to the preservation of affordability via rental subsidy whether as part of HOPE VI or federal expiring use. The principle of one for one replacement subject to appropriations means preserving the number of rent-supported units regardless of the location of those units.

In Enterprise's experience, resident participation in the planning process has been critical. In the mid-1990s Enterprise undertook the revitalization of the former Valley Green and Skytower housing projects in Southeast Washington, DC, funded by a HOPE VI award. Both these developments were plagued by drug abuse, gang violence, inadequate health services and substandard living conditions. The remaining tenants actively participated in decisions affecting their new community from the beginning, from electing the resident council and hiring an executive director for a new community development corporation (CDC) formed to help revitalize the area. Resident participation allowed them a say in what kind of services they needed. Today, the on-site community center at Wheeler Creek houses the CDC's Community Self Sufficiency program, which provides services for employment, education, health, social services, financial literacy and small business training.

We support an increased emphasis on wrap-around services for community residents. Additionally, we recommend no cap placed on HOPE VI resources allowable for resident services costs..

Create Sustainable and Healthy Communities

While we are thinking literally about geography and direct services needs, it is also critical to think more broadly about long-term sustainability and how we ensure that communities are able to remain healthy and viable over time.

Energy costs have increased much faster than incomes for low-income households in recent years. Today a family earning minimum wage pays more than four times as much a share of their income for energy as a median income household.

A recent national study documented the brutal choices that poor families make when faced with unaffordable home energy bills. The study found that during the prior five years, due to their energy bills: 57 percent of non-elderly owners and 36 percent of non-elderly renters went without medical or dental care; 25 percent made a partial payment or missed a whole rent or mortgage payment; and 20 percent went without food for at least one day.ⁱⁱⁱ

HUD spends an estimated \$4 billion a year on energy, more than 10 percent of its annual budget, through utility allowances in connection with rental assistance payments to low-income renters and indirect operating subsidies to public housing authorities. A savings of just 5 percent a year over five years could generate \$1 billion to invest in affordable housing, including efforts to achieve greater energy reductions.

Large scale, catalytic redevelopments like HOPE VI provide the best opportunity and rationale for sustainable development, including environmentally smart siting, energy efficient building and healthier indoor and outdoor environments.

There are several excellent examples of energy-efficient, healthy and environmentally sustainable HOPE VI developments across the country, from High Point in Seattle to Tremont Pointe in Cleveland. Enterprise is proud to have invested in both these developments through our national Green Communities initiative, which is the first national green building program focused entirely on affordable housing. We believe very strongly that low-income people and communities have the most to gain from living in housing that not only cuts down on their monthly utility bills but also is a healthier place to live.

A growing body of research shows how the built environment can have “profound, directly measurable” physical and mental health outcomes, “particularly adding to the burden of illness among ethnic minority populations and low-income communities.” Low-income and minority communities are more likely to live in worse environmental conditions and experience greater rates of disease, limited access to health care and other health disparities. Moreover, “Studies have shown that negative aspects of the built environment tend to interact with and magnify health disparities, compounding already distressing conditions.”^{iv}

I encourage this Committee to support and advance the green building provisions included in the HOPE VI Green Building and Technical Assistance Act, H.R. 2536. We commend Transportation-HUD Appropriations Subcommittee Chair John Olver for introducing this legislation, and commend Chairwoman Waters, Chairman Frank and all the bill's cosponsors for endorsing it.

This bill would require that new HOPE VI developments meet energy-efficient and environmentally sustainable criteria for residential buildings and commercial buildings. As sustainable development is generally a new approach for many affordable housing developers and public housing agencies, the legislation would also provide planning and technical assistance grants to applicants. HOPE VI is well-suited to incorporate sustainable development criteria because the developments are typically large, which enables efficiencies and economies of scale, and because they integrate site planning and vertical development, which is how the best sustainable projects usually are conceived.

This is sound and responsible policymaking as our nation is enmeshed in much broader conversations around energy independence and climate change, and as housing is increasingly unaffordable to low-income families, who have the most to gain from living in energy-efficient and healthy homes.

Link Physical Redevelopment with School Reform

There is an obvious symbiotic link between the health of a neighborhood and the quality of its schools. Better schools attract families to neighborhoods and boost property values; deteriorating schools exacerbate the cycle of disinvestment and population loss.

Community revitalization strategies that incorporate school reform are more successful and sustainable than those that take a siloed approach. Community developers must work with public school systems to address the issue at the heart of so many families' real estate decisions of where to send their children to school.

Enterprise recognized that we cannot build housing without addressing the quality of the neighborhood schools. We have been working in the Sandtown-Winchester community in Baltimore for more than ten years, since an extensive community planning process identified education as a primary priority for community residents. We and our partners have improved the physical surroundings of two neighborhood schools while working within the school system to hire principals, introduce a research-based curriculum, implement an early-childhood education program and open community resource centers open to children and adults alike.

In short, best practices in school improvement were combined with best practices in community development – mixed-income housing, both homeownership and rental opportunities and excellent design – to create a much-improved neighborhood anchored by a much better school.

Enterprise took our lessons learned in Baltimore to Atlanta, where with the generous support of the Annenberg Foundation, we founded the Mechanicsville Community Learning Collaborative (MCLC) in 2001. This initiative is based in the Mechanicsville

neighborhood's Dunbar Elementary School, the lowest-performing school in the Atlanta public school district in 2001-2002. The surrounding area was among Atlanta's most distressed. Nearly 70 percent of Mechanicsville residents were unemployed. The poverty rate was 87 percent. The median household income was \$9,401. Almost 20 percent of the neighborhood's 450 acres were vacant, and the existing buildings were largely vacant and the epitome of blight.^v

Enterprise began our engagement with the Mechanicsville community in the hope that the school could serve as that essential anchor organization, one that could catalyze a stronger, healthier and safer place. MCLC had three goals: to improve students' academic achievement by strengthening the public schools that educate them; to build community capacity by enhancing the social and civic fabric of the community; and to support revitalization of the community's physical infrastructure.

First, Enterprise worked with school personnel and community residents to determine needs and ways to meet them, and then developed and managed these new programs, which ranged from afterschool programs and professional development for teachers to a new computer lab and funding a school security officer position.

Second, we reached out to the community, facilitating skills training for adult community members, who subsequently increased their participation in the labor force. Consistent and meaningful parental outreach resulted in Dunbar's Parent-Teacher Association's growth from five members to more than 300 in a few short years.

Finally, Enterprise worked in partnership with local partners and community development corporations to invest in affordable housing and physical redevelopment in the community. We helped to renovate the school building and its campus, providing a modern school facility conducive to teaching and learning.

This is a particularly salient example as seventy percent of Dunbar's students lived in the adjacent McDaniel Glenn public housing development prior to its closure in preparation for demolition as part of a HOPE VI effort. Consider this: in 2006, Enterprise commissioned a study of four public schools in Atlanta serving communities undergoing HOPE VI-related redevelopment. Three of the four schools studied experienced precipitous decline in the enrollment of the students who originally attended the school as well as a sharp decrease in student achievement as measured by standardized tests. When the public housing was closed and subsequently demolished, these schools' test scores improved after the community was repopulated with students from higher income families. But this trend did not manifest at Dunbar. Due to heightened community and parental involvement as well as increased early interventions facilitated by MCLC, Dunbar's academic gains continued even as McDaniel Glenn closed – and the achievements were those of existing students, not a new population.^{vi}

As this example illustrates, when public housing agencies and school systems consult more fully on how public housing redevelopment impacts community schools, transitions are more seamless and negative impacts of redevelopment more easily mitigated.

We strongly encourage the House to support the provisions in the Senate HOPE VI reauthorization bill, S. 829, to closely align strategies for school reform and physical redevelopment in distressed communities. While both Sandtown-Winchester and Mechanicsville still face challenges, we believe Enterprise's experience with MCLC in Atlanta is among the models, along with Atlanta's East Lake community, Portland's New Columbia HOPE VI development and others, for large-scale revitalization that successfully and concurrently improves housing and educational opportunities for community residents.

The bottom line is that to maximize revitalization efforts, we must intentionally combine best practices in school reform with best practices in community development. Achieving school-centered revitalization is difficult. It is complex and challenging to overcome entrenched barriers to successful alignment of school reform and community revitalization. Stubborn facts remain that for families with children, choices about housing and neighborhood are linked to schools. The two systems reinforce one another. Poor schools drive families out; strong schools help create communities of choice.

Expand Scope and Partners in HOPE VI Developments

The intent of the HOPE VI program is to transform severely distressed public housing into mixed-income communities where all families have access to opportunity. There is certainly continued demand for HOPE VI – estimates are that there are still nearly 82,000 severely distressed public housing units in the country. But there is also an increased need to redevelop other HUD-assisted housing, including deteriorating and antiquated units part of the FHA inventory. Units developed under the Section 236, Section 221(d)(3) and older Section 8 project-based vouchers, for example, are becoming deteriorated and distressed. We encourage Congress to either expand the HOPE VI program or find other funds to provide for redevelopment of other assisted properties, to the benefit of individual families looking for affordable and decent homes, as well as whole communities struggling to overcome disinvestment and blight.

Public housing agencies and their for- and non-profit development partners deserve commendation for their excellent work facilitated by the HOPE VI program. We recommend that either HOPE VI or another flexible grant program be expanded to make resources available to state and local entities and qualified nonprofits owning or operating other assisted housing.

Fully Fund HOPE VI and Related HUD Programs

Finally, even at its highest funding level of \$625 million in fiscal year 1999, HOPE VI was a relatively small program in HUD's budget. Dramatic cuts since then have reduced it even further, to just \$99 million in fiscal year 2007. While not this committee's jurisdiction, we urge Appropriations Committee members to provide the maximum amount possible for the HOPE VI program in the fiscal year 2008 appropriations process and in subsequent years. We also encourage the Appropriations Committee to fully fund Section 8 Housing Choice Vouchers and other related HUD programs that work in tandem with HOPE VI resources to provide families with the broadest range of housing options and opportunities.

ⁱ S. Popkin et al, "A Decade of HOPE VI: Research Findings and Policy Challenges" (Washington, DC: Urban Institute 2004).

ⁱⁱ Tony Proscio, "More Than Roof and Walls: Why Resident Services are an Indispensable Part of Affordable Housing" (Columbia, MD: Enterprise Community Partners, 2006), p. 21

ⁱⁱⁱ National Energy Assistance Directors' Association, *2005 National Energy Assistance Survey*, (Washington, DC: National Energy Assistance Directors' Association, 2005), pp. i-iv.

^{iv} Ernie Hood, "Dwelling Disparities: How Poor Housing Leads to Poor Health" *Environmental Health Perspectives*, May 2005.

^v Leslie T. Fenwick, "Putting School and Community on the Map: Linking School Reform, Neighborhood Revitalization and Community Building" (Atlanta, GA: Enterprise Atlanta, 2006), p. 7.

^{vi} T. Boston, "An evaluation of the Mechanicsville Community Learning Collaborative (MCLC) (Atlanta, GA: MCLC, 2006).